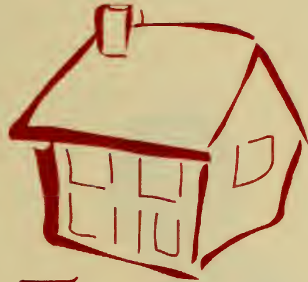

Property Tax

Exemptions and Deferral

For Older Citizens, Surviving Spouses and Minors Under Clauses 41 and 17

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Dear Massachusetts Citizen,

Citizen Information Service receives many inquiries from senior citizens regarding tax deductions on their property tax bills. By state law, exemptions or deferrals are allowed to those qualified primarily from among seniors, surviving spouses, minor children of deceased parents, veterans, and the blind. This booklet is intended to answer questions for those individuals interested in lessening their tax responsibilities.

I hope the publication presented becomes a valuable aid in understanding the benefits which may be available to you.

William Francis Galvin

William Francis Galvin
Secretary of the Commonwealth

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Introduction ....

If you are an older citizen, surviving spouse - husband or wife - or minor whose parent is deceased, you may be more vulnerable than most citizens to high property taxes.

Fortunately, there are programs to help you meet your tax obligations. These programs, which provide either property tax exemptions or a deferral of taxes, are set forth in different clauses of Chapter 59: Section 5 of the Massachusetts General Laws. Those specifically geared for you are variations of Clause 17 or Clause 41 or the Clause 41A tax deferral.

With revaluation of property at full and fair cash value, most people found that they could no longer meet the eligibility requirements of Clause 17 and Clause 41 exemptions. Aware that this situation had arisen, the legislature enacted statutes which created alternative exemptions to the Clause 17 and Clause 41 exemptions. These clauses – Clause 17C, Clause 17C1/2, or Clause 17D, and Clause 41B or Clause 41C – are available to those whose cities and towns have accepted them.*

This booklet describes the exemptions under the variations of Clauses 41 and 17 the one deferral available to the elderly, Clause 41A.

**Acceptance by a city or town means approval by the town meeting in a town, the city council subject to the provisions of the city charter in a city and the town council in a municipality having such form of government. All cities and towns are subject to the provisions of Clause 17 and Clause 41 unless they have accepted a more recently enacted clause. When they accept such a clause, the provisions of the clause which was in effect are no longer applicable.*

Benefits

- If you qualify under one of the Clauses 41, 41B, 41C exemptions, your assessor will grant you a deduction of $500 from your tax bill. These exemptions provide the greatest benefit to a senior citizen homeowner.

- If you do not qualify for one of the Clause 41exemptions, you may be eligible for one of the Clause 17 exemptions. These would provide you with a deduction of $175 from your tax bill.

For more information on all exemption and deferral clauses, contact your local assessor.

Eligibility requirements

Age and Status
Clauses 41, 41B, and 41C

- You are a single person who is a sole owner or a joint owner who shares ownership with other person(s). You must be 70 years or older before the beginning of the fiscal year, July 1, for which an exemption is sought.

- You and your spouse are joint owners. Either spouse must be 70 years or older before the beginning of the fiscal year, July 1, for which an exemption is sought.

- You are a married person who is a sole owner. You must be 70 years or older before the beginning of the fiscal year, July 1, for which an exemption is sought.

Ownership and Occupancy
Clauses 41, 41B, and 41C

You must have owned and occupied as principal residence any real property in Massachusetts for five years including ownership and occupancy of present property on July 1 in the year of application. Massachusetts must have been your place of domicile for the preceding ten years.

A surviving spouse inheriting the property must have occupied the property for five years.

Real Estate and Personal Property
Clause 41

Total worth may not exceed one of two options.
Option 1 allows a total worth of $17,000 for a single person or $20,000 for a married couple, excluding assessed value of domicile as of July 1 in year of application.

Option 2 allows a total worth of $40,000 for a single person or $45,000 for a married couple, including the assessed value of the domicile. If there is joint ownership with a person not a spouse, the whole estate, real and personal, of each joint tenant or tenant in common must be less than $12,000 for a single person or not exceed $15,000 if married, including the assessed value of the domicile.

Clause 41B

For a single person who is a sole owner or a joint owner who shares ownership with other person(s), total worth cannot exceed $20,000, (if married - $23,000) excluding the value of the domicile as of July 1 in the year of application. The portion, if any, which produces income must be included.

Clause 41C

For a single person who is a sole owner or a joint owner who shares ownership with others, total worth should not exceed $28,000 (if married - $30,000), excluding assessed value of domicile as of July 1 in the year of application. Only the portion, if any, which produces income and exceeds two dwelling units must be included.

Income Eligibility

Clause 41

for single person – less than $6,000
for married couple – less than $7000

Clause 41B

for single person – less than $10,000
for married couple – less than $12,000

Clause 41C

For single person – less than $13,000
For married couple – less than $15,000

You may deduct the minimum annual social security payment* from your gross income receipts if your gross receipts include payments from social security, railroad retirement or a federal, state, county, municipal or district retirement or pension plan. Ordinary business expenses and losses may be deducted from gross income receipts, but not personal or family expenses.

Joint Ownership

Joint ownership with persons not your spouse. If you or you and your spouse own property jointly with other person(s), you

**The minimum annual social security payment rate changes yearly. It is determined by the Department of Revenue and is available from your Board of Assessors.*

may apply for that portion of the exemption which corresponds to the proportion of the property that you or you and your spouse own. However, unless each joint owner meets the requirements for income and total worth for a single person or married couple, whichever is applicable, no joint owner is eligible.

If you are unable to qualify for an exemption under any of the clauses described in previous pages, or if these exemptions do not help you enough in paying your real estate taxes, you might consider applying for a tax deferral under Clause 41A. A deferral permits you to delay payment on property taxes.

If you qualify for a Clause 41A tax deferral, you enter into an agreement with your local assessor to defer payment of all or part of your taxes plus eight percent interest up to fifty percent of your interest in the property valuation.

Taxes in every year may be deferred until you reach a point where the unpaid taxes plus interest due are equal to fifty percent of your interest in the property at full and fair cash value. When that point is reached, although you may no longer defer payment on current and future taxes, the unpaid taxes and interest to date together with interest which will continue to accrue on the unpaid taxes may remain unpaid until the property is sold or until one's death. Upon one's death the deferral may be continued by your surviving spouse, if he/she qualifies, or the taxes may be paid by your heirs or your estate. You can, of course, repay total deferred taxes at any time before then. Upon your death, if your surviving spouse does not continue to defer, or if the property is sold prior to your death, the interest rate goes up to sixteen percent, and the taxes must be paid in order to release the lien that was placed on the property while there were unpaid deferred taxes. If the taxes are not paid within six months of

death or sale, the local treasurer may seek to foreclose the lien on the property if the deferred amount remains unpaid.

Age and Status

- You are single, or if married, your spouse is not an owner. You must be 65 years or older by July 1 of the year in which application is made.
- You and your spouse are joint owners. Either spouse must be 65 years or older by July 1 of the year in which application is made.
- You, age 65 or older, or you and your spouse, either of whom is 65 years or older by July 1 of the year in which application is made, own property jointly with other person(s).
- You are a single person who is a joint owner sharing ownership with other person(s). You must be 65 years or older by July 1 of the year in which application is made.

Ownership and Occupancy

Applicant(s) must have owned and occupied as your domicile any real property in Massachusetts (including present property) for five years. Massachusetts must have been your domicile for the preceding ten years.

Real Estate and Personal Property

Not applicable.

Income Eligibility

From all sources in calendar year preceding year in which application is made, not to exceed $20,000. A community may adopt a higher maximum qualifying gross receipts amount but such amount shall not exceed $40.000.

A surviving spouse inheriting property must have occupied it or other real property for five years. The surviving spouse who otherwise qualifies may choose to continue to defer taxes. However, the total of taxes deferred by both spouses together with interest thereon may not exceed fifty percent of their interest in the property valuation.

Payment of a deceased spouse's deferred taxes shall not be required during the life of a surviving spouse of any age who inherits the property and who enters into a tax deferral and recovery agreement.

If you or your spouse own property jointly with other individuals you may apply for the deferral. The deferred taxes with interest at eight percent in this case are not to exceed one half of the full and fair cash value of the proportion of this property owned by you or you and your spouse.

Contact your local Board of Assessors for an application form. You must apply each year for an exemption or deferral. Generally, you can receive only one exemption, so submit the application for the exemption which will provide the greatest benefit. However, since Clause 41A is a deferral of taxes, you may use a Clause 41A deferral in conjunction with an exemption for which you qualify.

Applications under Clause 41, Clause 41A, Clause 41B or Clause 41C must be filed with your local Board of Assessors on or before December 15 in each year. If the actual, not preliminary, property tax bill is mailed after September 15, you have three months from the date the bill is first mailed in which to apply. In the year of local acceptance of Clause 41C the community allows an additional 45 days from the date of acceptance to apply unless a later date for applying is allowed by another statute.

In addition to your local Board of Assessors, your local Council on Aging may be able to help you fill out the forms. Some councils employ tax specialists to provide such assistance.

Joint Ownership

If two or more people own property each can apply, and if the person is qualified, each will be entitled to his or her exemption. Consult your local Board of Assessors.

Clause 41A

If you are unable to qualify for an exemption..........

If you are unable to qualify for an exemption under any of the clauses described in previous pages, or if these exemptions do not help you enough in paying your real estate taxes, you might consider applying for a tax deferral under Clause 41A. A deferral permits you to delay payment on property taxes.

If you qualify for a Clause 41A tax deferral, you enter into an agreement with your local assessor to defer payment of all or part of your taxes plus eight percent interest up to fifty percent of your interest in the property valuation.

Taxes in every year may be deferred until you reach a point where the unpaid taxes plus interest due are equal to fifty percent of your interest in the property at full and fair cash value. When that point is reached, although you may no longer defer payment on current and future taxes, the unpaid taxes and interest to date together with interest which will continue to accrue on the unpaid taxes may remain unpaid until the property is sold or until one's death. Upon one's

death the deferral may be continued by your surviving spouse, if he/she qualifies, or the taxes may be paid by your heirs or your estate. You can, of course, repay total deferred taxes at any time before then. Upon your death, if your surviving spouse does not continue to defer, or if the property is sold prior to your death, the interest rate goes up to sixteen percent, and the taxes must be paid in order to release the lien that was placed on the property while there were unpaid deferred taxes. If the taxes are not paid within six months of death or sale, the local treasurer may seek to foreclose the lien on the property if the deferred amount remains unpaid.

Eligibility requirements ....

Age and Status

- You are single, or if married, your spouse is not an owner. You must be 65 years or older by July 1 of the year in which application is made.

- You and your spouse are joint owners. Either spouse must be 65 years or older by July 1 of the year in which application is made.

- You, age 65 or older, or you and your spouse, either of whom is 65 years or older by July 1 of the year in which application is made, own property jointly with other person(s).

* You are a single person who is a joint owner sharing ownership with other person(s). You must be 65 years or older by July 1 of the year in which application is made.

Ownership and Occupancy

Applicant(s) must have owned and occupied as your domicile any real property in Massachusetts (including present prop-

erty) for five years. Massachusetts must have been your domicile for the preceding ten years.

Real Estate and Personal Property

Not applicable.

Income Eligibility

From all sources in calendar year preceding year in which application is made, not to exceed $20,000. A community may adopt a higher maximum qualifying gross receipts amount but such amount shall not exceed $40.000.

Surviving spouse deferral ....

A surviving spouse inheriting property must have occupied it or other real property for five years. The surviving spouse who otherwise qualifies may choose to continue to defer taxes. However, the total of taxes deferred by both spouses together with interest thereon may not exceed fifty percent of their interest in the property valuation.

Payment of a deceased spouse's deferred taxes shall not be required during the life of a surviving spouse of any age who inherits the property and who enters into a tax deferral and recovery agreement.

If you or your spouse own property jointly with other individuals you may apply for the deferral. The deferred taxes with interest at eight percent in this case are not to exceed one half of the full and fair cash value of the proportion of this property owned by you or you and your spouse.

How to apply for a tax exemption or deferral............

Contact your local Board of Assessors for an application form. You must apply each year for an exemption or deferral. Generally, you can receive only one exemption, so submit the application for the exemption which will provide the greatest benefit. However, since Clause 41A is a deferral of taxes, you may use a Clause 41A deferral in conjunction with an exemption for which you qualify.

Applications under Clause 41, Clause 41A, Clause 41B or Clause 41C must be filed with your local Board of Assessors on or before December 15 in each year. If the actual, not preliminary, property tax bill is mailed after September 15, you have three months from the date the bill is first mailed in which to apply. In the year of local acceptance of Clause 41C the community allows an additional 45 days from the date of acceptance to apply unless a later date for applying is allowed by another statute.

In addition to your local Board of Assessors, your local Council on Aging may be able to help you fill out the forms. Some councils employ tax specialists to provide such assistance.

Joint Ownership

If two or more people own property each can apply, and if the person is qualified, each will be entitled to his or her exemption. Consult your local Board of Assessors.

Benefits ....

- If you qualify under one of the Clause 17 exemptions, your assessor will grant you a deduction of $175 from your tax bill.
- If you qualify for one of the Clause 41 exemptions, instead, you will receive a deduction of $500 from your tax bill.

Clause 17 exemptions are geared to older citizens, surviving spouses of any age and to qualified minors who have a deceased parent. Senior citizens who are 70 and over and who ineligible for one of the Clause 41 exemptions may qualify for one of the Clause 17 exemptions due to no income limitations.

**Acceptance by a city or town means approval by the town meeting in a town, the city council subject to the provisions of the city charter in a city and the town council in a municipality having such form of government. All cities and towns are subject to the provisions of Clause 17 and Clause 41 unless they have a accepted a more recently enacted clause. When they accept such a clause, the provisions of the clause which was in effect are no longer applicable.*

Eligibility requirements ....

Age and Status

- You are single, or if married, your spouse is not an owner. You must be 70 years or older before the beginning of the fiscal year, July 1, for which an exemption is sought.
- You and your spouse are joint owners. Either spouse must be 70 years or older before the beginning of the fiscal year, July 1, for which an exemption is sought.
- You are a surviving spouse of any age or a qualified minor, that is, a minor who has a deceased parent.

Ownership and Occupancy

Those 70 years of age, as defined above, must have owned and occupied the property as domicile in Massachusetts for not less than ten years for not less than five years, Clause 17D, and must own and occupy the property on July 1 in the year of application.

A surviving spouse or qualified minor must be the present owner and occupant.

Real Estate and Personal Property

Clause 17

A person may have a total worth of $20,000, including the assessed value of the said domicile effective July 1 in the year of application. Any unpaid mortgage balance on that property is excluded.

Clause 17C

A person may have a total worth of $40,000, excluding up to $60,000 of the assessed value of the domicile as of July 1 in the year of the application and any unpaid mortgage balance on that property.

Clause 17C 1/2

A person may have a total worth of $40,000, excluding up to $150,000 of the assessed value of the domicile as of July 1 in the year of the application and any unpaid mortgage balance on that property.

Clause 17D

A person may have a total worth of $40,000, excluding the assessed valuation of the domicile as of July 1 in the year of the application. Only the portion which produces income and which exceeds two dwelling units must be included. Any unpaid mortgage balance on that property is excluded.

Income Eligibility

Yearly income is not considered in determining eligibility for Clauses 17, 17C, 17C 1/2 or 17D.

How to apply for a tax exemption

Contact your local Board of Assessors for an application form. You must apply each year for an exemption or a deferral. Generally, you can receive only one exemption, so submit the application for the exemption which will give you the greatest benefit. However, since Clause 41A is a deferral of taxes, you may use a Clause 41A deferral in conjunction with a tax exemption for which you qualify.

Applications under Clauses 17, 17C, 17C 1/2, or 17D must be filed with the Board of Assessors on or before December 15 of each year. If the actual (not preliminary) property tax bill is mailed after September 15, you have three months from the date the bill is first mailed in which to apply.

In addition to your local Board of Assessors, your local Council on Aging may be able to help you fill out the forms. Some councils employ tax specialists to provide such assistance.

Joint Ownership

If two or more people own property, each of whom is entitled to a *different* exemption, each can apply and if the person is qualified, each will be entitled to his/her exemption. Consult you local Board of Assessors.

Other exemptions ....

In addition to the deferral and exemptions already described, there are several other kinds of property tax exemptions under Massachusetts General Laws, Chapter 59, Section 5:

Clause 18 exemptions are for persons who, because they are aged, infirm and poverty-stricken, cannot make full or partial payment of their property taxes. The decision to grant a Clause 18 exemption is made solely at the discretion of the assessors.

Varieties of Clause 22 exemptions are available for certain categories of veterans and their families.

Clauses 37 or 37A exemptions are available to a blind person.

A Clause 42 exemption is available for a surviving spouse of a police officer or firefighter killed in the line of duty.

A Clause 43 exemption is available to minor children of a police officer or firefighter killed in the line of duty.

If you think you qualify for any of these exemptions, you may file an application with your local Board of Assessors.

New Reduction

Under Chapter 59, Section 5K of the Massachusetts General Laws, as recently amended by Chapter 127, Section 59 of the Acts of 1999, cities and towns may, beginning 7/1/99, provide residents over age 60 with a local property tax reduction, up to $500, in exchange for volunteer services. The amount of the tax reduction is not subject to personal income tax.

Appeals

If your application for any of the tax exemptions or the tax deferral described in this publication is denied, except in the case of Clause 18, you may appeal to:

State Appellate Tax Board
399 Washington Street, 10th floor
Boston, Massachusetts 02108
Telephone: (617) 727-3100
Facsimile: (617) 727-6234

Questions/Additional Assistance:
Your local Board of Assessors should be able to answer any questions you may have. If not, please contact :

Massachusetts Department of Revenue
Property Tax Bureau
51 Sleeper Street
Boston, MA 02210
Telephone: (617) 626-2300
Facsimile: (617) 626-2330